

Laurence M. Rosen, Esq. (SBN 219683)
THE ROSEN LAW FIRM, P.A.
355 South Grand Avenue, Suite 2450
Los Angeles, CA 90071
Telephone: (213) 785-2610
Facsimile: (213) 226-4684
Email: lrosen@rosenlegal.com

Counsel for Plaintiff

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

KEVIN STUART, Individually and on behalf of
all others similarly situated,

Case No:

CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

GINKGO BIOWORKS HOLDINGS, INC.
F/K/A SOARING EAGLE ACQUISITION
CORP., HARRY E. SLOAN, JASON KELLY,
and MARK DMYTRUK,

Defendants.

Plaintiff Kevin Stuart (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the defendants’ public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Ginkgo Bioworks Holdings, Inc. f/k/a Soaring Eagle Acquisition Corp. (“Ginkgo” or the “Company”), analysts’ reports and advisories about the Company, and other

1 information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support
2 will exist for the allegations set forth herein after a reasonable opportunity for discovery.
3

NATURE OF THE ACTION

4 1. This is a federal securities class action on behalf of a class consisting of all persons
5 and entities other than Defendants who purchased or otherwise acquired the publicly traded
6 securities of Ginkgo between May 11, 2021 and October 5, 2021, both dates inclusive (the “Class
7 Period”). Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the
8 federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities
9 Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.
10

JURISDICTION AND VENUE

12 2. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the
13 Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5 promulgated thereunder by the SEC
14 (17 C.F.R. §240.10b-5).

15 3. This Court has jurisdiction over the subject matter of this action under 28 U.S.C.
16 §1331 and §27 of the Exchange Act.

17 4. Venue is proper in this District pursuant to §27 of the Exchange Act (15 U.S.C.
18 §78aa) and 28 U.S.C. §1391(b) as the alleged misstatements entered and the subsequent damages
19 took place in this judicial district. Further, the Company maintains an office within this judicial
20 district.

21 5. In connection with the acts, conduct, and other wrongs alleged in this Complaint,
22 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,
23 including but not limited to, the United States mail, interstate telephone communications and the
24 facilities of the national securities exchange.
25
26
27
28

PARTIES

6. Plaintiff, as set forth in the accompanying Certification, purchased the Company's securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosure.

7. Defendant Ginkgo purportedly operates a horizontal platform for cell programming, designed to enable biological production of products as diverse as novel therapeutics, key food ingredients, and chemicals currently derived from petroleum. Before the merger with special purpose acquisition company (“SPAC”) Soaring Eagle Acquisition Corp. (“Soaring Eagle”), the Company was known as Ginkgo Bioworks, Inc.

8. The Company is incorporated in Delaware and has its headquarters in Boston, Massachusetts. Gingko maintains an office in Emeryville, California. Shares of Ginkgo's common stock have been listed on the New York Stock Exchange ("NYSE") under the ticker symbol "DNA" since September 17, 2021. Prior to the merger, the Company's ordinary shares traded on the NASDAQ under the ticker symbol "SRNG."

9. Defendant Harry E. Sloan (“Sloan”) is and was at all pertinent times the Chief Executive Officer (“CEO”) and Chairman of Soaring Eagle. Since the merger, Sloan has served as a Director of Gingko.

10. Defendant Jason Kelly (“Kelly”) is one of Ginkgo’s founders. He is and was at all pertinent times the CEO of Gingko, as well as a Director of the Company.

11. Defendant Mark Dmytruk (“Dmytruk”) is and was at all pertinent times the Chief Financial Officer (“CFO”) of Gingko.

12. Defendants Sloan, Kelly, and Dmytruk are sometimes referred to herein as the "Individual Defendants."

13. Each of the Individual Defendants:
 - (a) directly participated in the management of the Company;
 - (b) was directly involved in the day-to-day operations of the Company at the highest levels;

- (c) was privy to confidential proprietary information concerning the Company and its business and operations;
- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;
- (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- (g) approved or ratified these statements in violation of the federal securities laws.

14. The Company is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

15. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to the Company under *respondeat superior* and agency principles.

16. The Company and the Individual Defendants are referred to herein, collectively, as the “Defendants.”

SUBSTANTIVE ALLEGATIONS

Materially False and Misleading Statements

17. On May 11, 2021, the Company issued a Press Release, attached to Soaring Eagle's Form 8-K filing with the SEC that same day, entitled "Ginkgo Bioworks to Become a Public Company and Expand its Leading Platform for Cell Programming." The press release announced that Gingko Bioworks, Inc. had entered into a definitive business combination with Soaring Eagle that would result in Gingko Bioworks, Inc. becoming a publicly-listed company via SPAC merger. The press release stated that "[t]he *transaction implies a pre-money equity valuation for Gingko of \$15.0 billion*, and is expected to provide up to \$2.5 billion of gross cash proceeds." (Emphasis added).

1 18. On May 14, 2021, Soaring Eagle filed with the SEC a prospectus on Form S-4
2 signed by Defendants Sloan and Kelly. On June 28, 2021, July 16, 2021, August 4, 2021, and
3 August 9, 2021, Soaring Eagle filed revised versions of the prospectus for the merger on Forms S-
4 4/A, which was declared effective on August 11, 2021. On August 13, 2021, Soaring Eagle issued
5 a Proxy Statement with the SEC on Form 424(b)(3) which was signed by Defendants Sloan and
6 Kelly. The Proxy Statement stated the following, in pertinent part, about the Company's business
7 model:

Our business model mirrors the structure of our platform and we are compensated in two primary ways. First, we charge usage fees for Foundry services, in much the same way that cloud computing companies charge usage fees for utilization of computing capacity or contract research organizations (CROs) charge for services. The total addressable market (TAM) for our Foundry revenue includes the market for biotech labor and tools, which industry sources estimate will be approximately \$40 billion in 2021 and which is expected to grow at a CAGR of approximately 20% from 2021 to 2023. ***Foundry revenue was \$59.2 million for the year ended December 31, 2020 and \$22.5 million for the three months ended March 31, 2021. Additionally, we negotiate a value share with our customers (typically in the form of royalties, milestones, and/or equity interests) in order to align our economics with the success of the programs enabled by our platform. As we add new programs, our portfolio of programs with this “downstream” value potential grows.*** Through these value shares, we are tapping into what industry sources expect to be a \$2 to \$4 trillion market for bioengineered products.

* * *

Our cell programming platform is a key enabling technology and source of intellectual property for our customers' products. We earn both Foundry revenue for our research and development ("R&D") services as well as a share of the value of products created using our platform.

* * *

Downstream value share arrangements which involve equity interests fall into two categories: Platform Ventures and Structured Partnerships.

(Emphasis added).

27 19. The Proxy Statement stated the following, in pertinent part, about the Company's
28 Foundry revenue:

1 We generate Foundry revenue through the execution of license and collaboration
 2 agreements whereby customers obtain license rights to our proprietary technology
 3 and intellectual property for use in the development and commercialization of
 4 engineered organisms and derived products. Under these agreements, we typically
 5 provide R&D services for cell programming with the goal of producing an
 6 engineered cell that meets a mutually agreed specification. Our customers obtain
 7 license rights to the output of our services, which are primarily the optimized
 8 strains or cell lines, in order to manufacture and commercialize products derived
 9 from that licensed strain or cell line. Generally, the terms of these agreements
 10 provide that we receive some combination of (i) upfront payments upon
 11 consummation of the agreement that are recognized over our period of
 12 performance, (ii) reimbursement for costs incurred for R&D services, (iii) milestone
 13 payments upon the achievement of specified technical and/or
 14 commercial criteria, (iv) royalties on sales of products from or comprising
 15 engineered organisms arising from the license and collaboration agreement and
 16 (v) royalties related to cost of goods sold reductions realized by our customers.
 17 For the three months ended March 31, 2021 and 2020 and the years ended
 18 December 31, 2020 and 2019, royalties did not comprise a material amount of our
 19 revenue.

20 *Foundry revenue includes transactions with Platform Ventures (Motif, Joyn,
 21 Allonnia and Kalo) as well as other Structured Partnerships (Genomatica and
 22 Synlogic) where, as part of these transactions, we received an equity interest in
 23 such entities. Specifically related to the Platform Ventures, in these
 24 transactions, we received upfront non-cash consideration in the form of
 25 common equity interests in these entities, while the Platform Ventures each
 26 received cash equity investments from industry-leading strategic partners and
 financial investors.* We view the upfront non-cash consideration as prepayments
 for licenses which will be granted in the future as we complete mutually agreed
 upon technical development plans. In these instances, we also receive cash
 payments for our costs incurred for the R&D services performed by us, plus a
 margin. We are not compensated through additional milestone or royalty
 payments under these arrangements. Our transactions with Genomatica and
 Synlogic included the purchase of equity securities and the provision of R&D
 services. As we perform R&D services under the mutually agreed upon
 development plans, we recognize a reduction in the prefunded obligation based on
 a cost incurred, plus margin. *Because of our equity holdings in these entities,
 each is considered as a related party.* These arrangements are further described in
 Notes 8, 17 and 21 of our audited consolidated financial statements and in Notes
 7, 8, 15 and 17 of our unaudited condensed consolidated financial statements
 included elsewhere in this proxy statement/prospectus.

27 Downstream value share in the form of equity interest appreciation is not
 28 recognized as revenue but is expected to contribute to future cash flows upon
 liquidation, the amount and timing of which is inherently unpredictable. Equity

1 investees are accounted for as equity method investments or cost method
 2 investments.

3 (Emphasis added).

4 20. The Proxy Statement reported the following revenue from related parties:

5 **21. Related Parties**

6 Related party transactions included in the Consolidated Balance Sheets, excluding the Company's investments and equity method investments, are
 7 summarized below (in thousands):

	<u>Joyn</u>	<u>Motif</u>	<u>Genomatica</u>	<u>Allonnia</u>	<u>Synlogic</u>	<u>Total</u>
Balances as of December 31, 2020						
Accounts receivable, net	\$ —	\$ 2,403	\$ 1,500	\$ 1,309	\$ —	\$ 5,212
Prepaid expenses and other current assets	\$ 24	\$ 232	\$ —	\$ 13	\$ —	\$ 269
Deferred revenue, current and non-current	\$ 9,862	\$ 53,952	\$ 30,128	\$ 26,064	\$ 72	\$ 120,078
Balances as of December 31, 2019						
Accounts receivable, net	\$ 163	\$ 4,054	\$ —	\$ —	\$ —	\$ 4,217
Deferred revenue, current and non-current	\$ 17,135	\$ 62,513	\$ 38,059	\$ 24,480	\$ 144	\$ 142,331

8 Related party transactions included in the Consolidated Statements Operations and Comprehensive Loss, excluding the losses on the Company's
 9 investments and equity method investments, are summarized below (in thousands):

	<u>Joyn</u>	<u>Motif</u>	<u>Genomatica</u>	<u>Allonnia</u>	<u>Synlogic</u>	<u>Glycosyn</u>	<u>Total</u>
For the Year Ended December 31, 2020							
Foundry revenue	\$ 7,273	\$ 20,798	\$ 9,431	\$ 4,960	\$ 73	\$ —	\$ 42,535
Other income, net	\$ 407	\$ 314	\$ —	\$ —	\$ —	\$ —	\$ 721
For the Year Ended December 31, 2019							
Foundry revenue	\$ 9,349	\$ 18,986	\$ 6,248	\$ —	\$ 17	\$ 668	\$ 35,268
Interest income	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 163	\$ 163
Other income, net	\$ 222	\$ 42	\$ —	\$ —	\$ —	\$ 1,530	\$ 1,794

16 21. In the months leading up to the IPO, the Company announced a flurry of new R&D
 17 partners. For example, on August 12, 2021, the Company issued a press release announcing a
 18 partnership with Antheia to “accelerate the development and production of essential medicines.”
 19 According to the press release, “Antheia plans to leverage Ginkgo’s high throughput enzyme
 20 design and screening capabilities to broaden its pipeline of critical active pharmaceutical
 21 ingredients (APIs) and key starting materials (KSMs).” However, the press release does not
 22 mention that Ginkgo’s largest investor, Viking Global Opportunities Illiquid Investments Sub-
 23 Master LP, had just led Antheia’s \$73 million financing a few weeks prior to the partnership
 24 announcement.

25 22. Shortly thereafter, the Company announced another partnership agreement with
 26 Tantu, a company that engineers living biotherapeutic products to treat gastrointestinal diseases.
 27 On September 7, 2021, the Company issued a press release stating, in pertinent part, that “Tantu
 28

1 will leverage Ginkgo's foundries to accelerate strain construction as a key step toward human
 2 clinical trials." The press release went on to state:

3 Tantu is working to create an orally administered, living biotherapeutic that will
 4 produce and apply anti-inflammatory therapeutic proteins directly into diseased
 5 sites in the gut, resulting in improved gut barrier function and faster mucosal
 6 healing in patients where systemic anti-inflammatory therapies are not enough.
 7 Ginkgo plans to apply its automated foundry to accelerate the traditionally slow
 8 steps of candidate strain construction and genomic integration and validation with
 9 the aim of accelerating Tantu's first program and potentially helping them reach
 10 clinical proof of concept in patients faster.

11 23. The statements referenced in ¶¶17-22 above were materially false and/or misleading
 12 because they misrepresented and failed to disclose the following adverse facts pertaining to the
 13 Company's business which were known to Defendants or recklessly disregarded by them.
 14 Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1)
 15 the Company's failure to derive real revenue from third-party customers left it almost completely
 16 dependent on related parties; (2) as a result, most, if not all, of the Company's revenue came from
 17 related parties the Company created, funded, or controlled through its ownership and board seats;
 18 (3) the Company was misclassifying and underreporting related party revenue in order to conceal
 19 the Company's near total-dependence on related parties; (4) many of the Company's new R&D
 20 partners are undisclosed related parties and/or façades; (5) as a result, the Company's valuation was
 21 significant less than Defendants disclosed to investors; and (6) as a result, Defendants' public
 22 statements were materially false and/or misleading at all relevant times.

The Truth Emerges

23 24. On October 6, 2021, market researcher Scorpion Capital released a 175-page report
 24 alleging that Ginkgo is a "colossal scam," and describing the Company as a "shell game" whose
 25 revenue is highly dependent on related party transactions. The report alleges that Gingko is a
 26 "Frankenstein mash-up of the worst frauds of the last 20 years" and "one of the most brazen frauds
 27 of the last 20 years."

1 25. The report was based on an “intensive investigation into Ginkgo’s business model
 2 and practices, with a particular focus on the related-party entities that drive the bulk of its revenue.”
 3 As part of this investigation, Scorpion Capital “completed 21 research interviews, encompassing a
 4 broad sample of former employees and executives of Ginkgo, as well as individuals who are
 5 currently employed at its related-party “customers.”

6 26. The Scorpion Capital report stated the following, in pertinent part, about related
 7 party transactions:

8 *... The majority of [Ginkgo's] foundry revenue, an absurd 72% in 2020, and
 9 essentially 100% of its deferred revenue are derived from related-party
 10 “customers” it created, funded, controls, or influences via its ownership
 11 position and board seats.* Investments into these entities by Ginkgo and its largest
 12 investors are recycled back to Ginkgo and recorded as deferred or current
 13 revenue. The scheme reflects its woeful, decade-long failure to derive real
 revenue from third-party customers, forcing it to cover it up with a ploy that we
 believe to be enabled by its largest holders.

14 [] **We believe that Ginkgo is concealing the true extent of its dependence on**
 15 **related party revenue** and that it is far greater than it reports. We have
 16 uncovered a smoking gun that indicates that *essentially ALL of its foundry*
revenue is derived from related parties, suggesting that Ginkgo has engaged in
a brazen effort to misclassify and misreport related party revenue and deceive
investors with phony accounting. Our interviews with ex-employees indicated
 17 fear inside Ginkgo that its related-party model would fail regulatory scrutiny and
 18 derail an IPO, which we believe has prompted a cover-up of its magnitude.

19 ... Ginkgo is opaque about the percent of its revenue and deferred revenue which
 20 is cash versus non-cash. Based on interviews with its related-party “customers,”
 21 **we believe that at least half of Ginkgo's reported foundry revenue is**
phantom – that is, non-cash and pure accounting hocus-pocus. We spoke with
 22 one of its largest such customers, from whom Ginkgo reported \$38MM and
 23 \$30MM of deferred revenue in 2019 and 2020. A senior employee there stated
 24 unequivocally that they have never paid Ginkgo cash for foundry services and are
 25 merely using “free” R&D credits following investments by Ginkgo and Viking.
 26 Giving away the essence of the scam, the customer stated they would not use
 Ginkgo if they had to pay cash, dismissing them as a failed contract research
 organization (CRO) that they neither trust to deliver nor could justify except
 under a round-tripping deal.

27 (Emphasis added).

1 27. The Scorpion Capital report claimed that Ginkgo underreported its related party
2 transactions in order to go public, stating in pertinent part:

We noted earlier that the majority of Ginkgo's foundry revenue comes from related party entities: 65% in 2019, 72% in 2020, and 56% in 2021. We believe that the actual figure is essentially 100%, and think that Ginkgo is misclassifying and underreporting related party revenue. While the reported 60-70% percentage is bad enough and indicative of a broken, hocus-pocus business model, it's still better than 100%. Ginkgo can claim that at least 30-40% of foundry revenue comes from third parties, and that its reliance decreased in Q1 2021 to "only" 56%. Ex-employees indicated fear inside Ginkgo that its related party model doesn't stand up to regulatory scrutiny and could prevent it from going public – hence, we believe, an effort to fake the reported figure.

	Year Ended December 31,		
	2020	2019	
Foundry revenue (includes related party revenue of \$42,535 and \$35,268, respectively)	\$ 59,221	\$ 54,184	
in millions USD			
	2019	2020	Q1 2021
Foundry revenue by related party			
Joyn	9,349	7,273	1,598
Motif	18,986	20,798	5,492
Genomatica	6,248	9,431	3,298
Allonnia		4,960	2,266
Synlogic	17	73	6
Glycosyn	668	-	-
Kalo	-	-	-
Total	35,268	42,535	12,660
Total foundry revenue	54,184	59,221	22,504
Related parties as % of total foundry revenue	65%	72%	56%

Reported related party foundry revenues totaled 65% in 2019 and 72% in 2020

Source: Soaring Eagle Acquisition Corp prospectus 8/13/2021, <https://www.sec.gov/Archives/edgar/data/0001830214/000119312521246097/d177007d424b3.htm>; Scorpion Capital analysis and estimates

48

19 28. The Scorpion Capital report highlighted one related party, Synlogic, to show how
20 Ginkgo was underreporting its related party revenue. The report explained:

As we examined Ginkgo's related party disclosures, we noted a major anomaly: Ginkgo invested \$80MM in Synlogic in 2018, but disclosed almost no revenue from it in 2019 and 2020 in the footnotes. Similarly, it reported a minimal deferred revenue balance with Synlogic, in Note 21 in the SPAC prospectus. **In every other case, Ginkgo aggressively booked revenue and deferred revenue from related parties** in which it invested.

* * *

27 **As Synlogic is a publicly-traded microcap (ticker: SYBX) with \$150MM**
28 **market cap, we examined its SEC filings.** We were amused, but not surprised,
to discover that Synlogic's 2020 10K, under Note 16 for Related-Party

1 Transactions, disclosed that Synlogic “used \$13.6 million of the pre-paid
 2 research and development expenses” in 2020. This is in stark contrast to
 3 Ginkgo’s related party disclosure, which reports only \$73K of foundry
revenue from Synlogic.

4 * * *

5 Synlogic’s disclosures suggest that Ginkgo has misclassified Synlogic’s R&D
 6 spend in order to conceal its near-total dependence on parties it finances. Had
 7 Ginkgo included Synlogic’s foundry spend of \$13.6MM, related party revenues as
 8 a percent of total would have jumped from 72% to 95% - that is, Ginkgo would
 9 have had to admit that its foundry is a flop and that it can’t get customers unless it
 10 gives them cash and round-trips the proceeds.

<u>Related party revenue as reported</u>		<u>Adjusted to include Synlogic revenue</u>	
	<u>In millions USD</u>		<u>In millions USD</u>
<u>Foundry revenue by related party</u>		<u>2020</u>	
Joyn	7,273	Joyn	7,273
Motif	20,798	Motif	20,798
Genomatica	9,431	Genomatica	9,431
Allonnia	4,960	Allonnia	4,960
Synlogic	73	Synlogic	13,600
Glycosyn	-	Glycosyn	-
Kalo	-	Kalo	-
Total	42,535	Total	56,062
Total foundry revenue	59,221	Total foundry revenue	59,221
Related parties as % of total foundry revenue	72%	Related parties as % of total foundry revenue	95%

17
 18 29. The Scorpion Capital report also alleged that in the months leading up to the SPAC
 19 merger, “Ginkgo has announced a flurry of new R&D partners, a dog whistle that the scam is
 20 about to hit overdrive. We believe these ‘partners’ are undisclosed related parties and fronts.
 21 Without proliferating new round-tripping arrangements, Ginkgo can’t show ‘growth’ in Q3 and
 22 coming quarters.” The report further alleged:

23 The number of new “partners” announced in the last few weeks just prior to
 24 the first day of trading on Sep 17th is stunning. The partnerships are for
 25 everything under the sun: GI drugs, probiotics, herbal medicines and
 26 nutraceuticals, “biomaterials,” dyes, a material inspired by spiders with “silk-like
 27 softness.” Notably, not one of the releases below discloses a deal size – and all are
 28 silent on the critical question of whether they are undisclosed related parties
– that is, whether Ginkgo or its investors like Viking are investors in the
entities or are providing proceeds that will be round-tripped back to Ginkgo

1 as “revenue” in coming quarters. We shortly reveal a smoking gun that
 2 exposes the rig as exactly that.

3 30. For example, the report explains that “The press release for Ginkgo’s Antheia
 4 partnership on Aug 12, 2021 makes no mention of the fact that Viking led Antheia’s \$73MM
 5 financing a few weeks prior to the Ginkgo announcement.”

6 31. Similarly, weeks after the Athelia partnership announcement, Ginkgo announced a
 7 partnership with Tantu. However, according to the Scorpion Capital report, this partnership was a
 8 concealed related party transaction and front:

9 The Tantu partnership announced less than a week after Cambium is particularly
 10 grandiose: “Tantu will leverage Ginkgo’s foundries to accelerate strain
construction as a key step toward human clinical trials.” Clinical trials
 11 presume an advanced program, typically after tens or hundreds of millions spent
 12 on R&D. Imagine our surprise after discovering that Tantu appears to have no
full-time employees. It doesn’t even appear to be a company, nor even a
 13 project – merely an idea. Co-founder Neel Joshi is a full time associate professor
 14 at Northeastern; a second co-founder is currently CEO of another startup; a third
 was a post-doc in Joshi’s lab until August, when she took another job.

15 * * *

16 Similar to Cambium, we suspected that Tantu is also an undisclosed related-party
 17 in which Ginkgo has or will make an investment which will be recycled back as
 18 “revenue.” We spoke with an individual closely involved with Tantu, who
 indicated that Tantu has raised \$50k to date via a university grant – “just enough
 19 to get a website and stuff like that and incorporate.” The individual stated that
Tantu “doesn’t have money to pay” Ginkgo for R&D services, so “the deal
 20 ended up being like a deferred loan, essentially, for the work they are going
 21 to do.” The individual did not disclose the amount of funding Ginkgo
provided, but indicated it was similar in magnitude to a Series A round.

22 32. The Scorpion Capital report also alleged that “[a]side from its ‘customers’ being
 23 related parties and effectively fake, we believe that Ginkgo takes the scam into even more
 24 aggressive territory by booking revenue from them that is simply fictitious, overstated, and/or based
 25 on overcharging.” For example, the report stated:

27 We begin with two observations: 1) the R&D and G&A services fees that Ginkgo
 28 charges these “customers” and books as revenue and/or deferred revenue bears
no plausible relationship to their size, suggesting they are fraudulent; 2) the

timing of when Ginkgo books revenue and/or deferred revenue is equally implausible, sometimes before the entities even appear to have any employees or be functional, which further indicates they are simply sham transactions. For example, LinkedIn indicates only 6 employees at Allonnia LLC, yet Ginkgo records a \$38MM deferred revenue balance, on top of booking \$5MM of revenue from Allonnia in 2020 and \$2.3MM in Q1 2021 – a \$9MM annual run rate.

5 33. On this news, Ginkgo's shares fell \$1.39 per share, or approximately 12%, to close at
6 \$10.59 per share on October 6, 2021, damaging investors.

7 34. As a result of Defendants' wrongful acts and omissions, and the decline in the
8 market value of the Company's securities, Plaintiff and other Class members have suffered
9 significant losses and damages.

10 35. On November 15, 2021, the Company acknowledged that shortly after the Scorpion
11 Capital report, Ginkgo received an inquiry from the United States Department of Justice relating to
12 the financial misconduct allegations in the report.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

14 36. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
15 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise
16 acquired the publicly traded securities of the Company during the Class Period (the “Class”); and
17 were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class
18 are Defendants herein, the officers and directors of the Company, at all relevant times, members of
19 their immediate families and their legal representatives, heirs, successors or assigns and any entity
20 in which Defendants have or had a controlling interest.

21 37. The members of the Class are so numerous that joinder of all members is
22 impracticable. Throughout the Class Period, the Company's securities were actively traded on the
23 NYSE or the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this
24 time and can be ascertained only through appropriate discovery, Plaintiff believes that there are
25 hundreds or thousands of members in the proposed Class. Record owners and other members of the
26 Class may be identified from records maintained by the Company or its transfer agent and may be
27 notified of the pendency of this action by mail, using the form of notice similar to that customarily
used in securities class actions.

1 38. Plaintiff's claims are typical of the claims of the members of the Class as all
 2 members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal
 3 law that is complained of herein.

4 39. Plaintiff will fairly and adequately protect the interests of the members of the Class
 5 and has retained counsel competent and experienced in class and securities litigation. Plaintiff has
 6 no interests antagonistic to or in conflict with those of the Class.

7 40. Common questions of law and fact exist as to all members of the Class and
 8 predominate over any questions solely affecting individual members of the Class. Among the
 9 questions of law and fact common to the Class are:

- 10 • whether the federal securities laws were violated by Defendants' acts as alleged
 herein;
- 11 • whether statements made by Defendants to the investing public during the Class
 Period misrepresented material facts about the financial condition, business,
 operations, and management of the Company;
- 12 • whether Defendants' public statements to the investing public during the Class
 Period omitted material facts necessary to make the statements made, in light of the
 circumstances under which they were made, not misleading;
- 13 • whether the Individual Defendants caused the Company to issue false and misleading
 SEC filings and public statements during the Class Period;
- 14 • whether Defendants acted knowingly or recklessly in issuing false and misleading
 SEC filings and public statements during the Class Period;
- 15 • whether the prices of the Company's securities during the Class Period were
 artificially inflated because of the Defendants' conduct complained of herein; and
- 16 • whether the members of the Class have sustained damages and, if so, what is the
 proper measure of damages.

17 41. A class action is superior to all other available methods for the fair and efficient
 18 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
 19 damages suffered by individual Class members may be relatively small, the expense and burden of

1 individual litigation make it impossible for members of the Class to individually redress the wrongs
2 done to them. There will be no difficulty in the management of this action as a class action.

3 42. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-
4 on-the-market doctrine in that:

- 5 • Defendants made public misrepresentations or failed to disclose material facts during
6 the Class Period;
- 7 • the omissions and misrepresentations were material;
- 8 • the Company's securities are traded in efficient markets;
- 9 • the Company's securities were liquid and traded with moderate to heavy volume
10 during the Class Period;
- 11 • the Company traded on the NYSE or the NASDAQ, and was covered by multiple
12 analysts;
- 13 • the misrepresentations and omissions alleged would tend to induce a reasonable
14 investor to misjudge the value of the Company's securities; and
- 15 • Plaintiff and members of the Class purchased and/or sold the Company's securities
16 between the time the Defendants failed to disclose or misrepresented material facts
17 and the time the true facts were disclosed, without knowledge of the omitted or
18 misrepresented facts.

19 43. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a
20 presumption of reliance upon the integrity of the market.

21 44. Alternatively, Plaintiff and the members of the Class are entitled to the presumption
22 of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United*
23 *States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their
24 Class Period statements in violation of a duty to disclose such information, as detailed above.

25 **COUNT I**

26 **Violation of Section 10(b) of The Exchange Act and Rule 10b-5
Against All Defendants**

27 45. Plaintiff repeats and realleges each and every allegation contained above as if fully
28 set forth herein.

1 46. This Count is asserted against the Company and the Individual Defendants and is
 2 based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated
 3 thereunder by the SEC.

4 47. During the Class Period, the Company and the Individual Defendants, individually
 5 and in concert, directly or indirectly, disseminated or approved the false statements specified above,
 6 which they knew or deliberately disregarded were misleading in that they contained
 7 misrepresentations and failed to disclose material facts necessary in order to make the statements
 8 made, in light of the circumstances under which they were made, not misleading.

9 48. The Company and the Individual Defendants violated §10(b) of the 1934 Act and
 10 Rule 10b-5 in that they:

- 11 • employed devices, schemes and artifices to defraud;
- 12 • made untrue statements of material facts or omitted to state material facts necessary
 in order to make the statements made, in light of the circumstances under which they
 were made, not misleading; or
- 13 • engaged in acts, practices and a course of business that operated as a fraud or deceit
 upon plaintiff and others similarly situated in connection with their purchases of the
 Company's securities during the Class Period.

14 49. The Company and the Individual Defendants acted with scienter in that they knew
 15 that the public documents and statements issued or disseminated in the name of the Company were
 16 materially false and misleading; knew that such statements or documents would be issued or
 17 disseminated to the investing public; and knowingly and substantially participated, or acquiesced in
 18 the issuance or dissemination of such statements or documents as primary violations of the
 19 securities laws. These defendants by virtue of their receipt of information reflecting the true facts of
 20 the Company, their control over, and/or receipt and/or modification of the Company's allegedly
 21 materially misleading statements, and/or their associations with the Company which made them
 22 privy to confidential proprietary information concerning the Company, participated in the
 23 fraudulent scheme alleged herein.

24
 25
 26
 27
 28

1 50. Individual Defendants, who are the senior officers and/or directors of the Company,
2 had actual knowledge of the material omissions and/or the falsity of the material statements set forth
3 above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative,
4 acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in
5 the statements made by them or other personnel of the Company to members of the investing
6 public, including Plaintiff and the Class.

7 51. As a result of the foregoing, the market price of the Company's securities was
8 artificially inflated during the Class Period. In ignorance of the falsity of the Company's and the
9 Individual Defendants' statements, Plaintiff and the other members of the Class relied on the
10 statements described above and/or the integrity of the market price of the Company's securities
11 during the Class Period in purchasing the Company's securities at prices that were artificially
12 inflated as a result of the Company's and the Individual Defendants' false and misleading
13 statements.

14 52. Had Plaintiff and the other members of the Class been aware that the market price of
15 the Company's securities had been artificially and falsely inflated by the Company's and the
16 Individual Defendants' misleading statements and by the material adverse information which the
17 Company's and the Individual Defendants did not disclose, they would not have purchased the
18 Company's securities at the artificially inflated prices that they did, or at all.

19 53. As a result of the wrongful conduct alleged herein, Plaintiff and other members of
20 the Class have suffered damages in an amount to be established at trial.

21 54. By reason of the foregoing, the Company and the Individual Defendants have
22 violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the
23 Plaintiff and the other members of the Class for substantial damages which they suffered in
24 connection with their purchases of the Company's securities during the Class Period.

COUNT II

Violation of Section 20(a) of The Exchange Act Against The Individual Defendants

27 55. Plaintiff repeats and realleges each and every allegation contained in the foregoing
28 paragraphs as if fully set forth herein.

1 56. During the Class Period, the Individual Defendants participated in the operation and
2 management of the Company, and conducted and participated, directly and indirectly, in the
3 conduct of the Company's business affairs. Because of their senior positions, they knew the adverse
4 non-public information regarding the Company's business practices.

5 57. As officers and/or directors of a publicly owned company, the Individual Defendants
6 had a duty to disseminate accurate and truthful information with respect to the Company's financial
7 condition and results of operations, and to correct promptly any public statements issued by the
8 Company which had become materially false or misleading.

9 58. Because of their positions of control and authority as senior officers, the Individual
10 Defendants were able to, and did, control the contents of the various reports, press releases and
11 public filings which the Company disseminated in the marketplace during the Class Period.
12 Throughout the Class Period, the Individual Defendants exercised their power and authority to
13 cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants
14 therefore, were “controlling persons” of the Company within the meaning of Section 20(a) of the
15 Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially
16 inflated the market price of the Company’s securities.

17 59. Each of the Individual Defendants, therefore, acted as a controlling person of the
18 Company. By reason of their senior management positions and/or being directors of the Company,
19 each of the Individual Defendants had the power to direct the actions of, and exercised the same to
20 cause, the Company to engage in the unlawful acts and conduct complained of herein. Each of the
21 Individual Defendants exercised control over the general operations of the Company and possessed
22 the power to control the specific activities which comprise the primary violations about which
23 Plaintiff and the other members of the Class complain.

24 60. By reason of the above conduct, the Individual Defendants are liable pursuant to
25 Section 20(a) of the Exchange Act for the violations committed by the Company.

PRAYER FOR RELIEF

27 WHEREFORE, Plaintiff demands judgment against Defendants as follows:

A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;

C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: November 18, 2021

Respectfully submitted,

THE ROSEN LAW FIRM, P.A.

/s/Laurence M. Rosen
Laurence M. Rosen, Esq. (SBN 219683)
355 S. Grand Avenue, Suite 2450
Los Angeles, CA 90071
Telephone: (213) 785-2610
Facsimile: (213) 226-4684
Email: lrosen@rosenlegal.com

Counsel for Plaintiff